# EXHIBIT B

FINAL TRANSCRIPT

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# Conference Call Transcript

## JNJ - Johnson & Johnson at Bank of America Merrill Lynch Healthcare Conference

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## CONFERENCE CALL PARTICIPANTS

**Bob Hopkins**
*BofA Merrill Lynch - Analyst*

## PRESENTATION

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**Bob Hopkins** - ***BofA Merrill Lynch - Analyst***

Next up we have Johnson & Johnson. We are very happy to have Dominic Caruso, the Chief Financial Officer, along with Louise Mehrotra who runs their Investor Relations Department. Again, 10 minutes of prepared comments; then we will go into 20 minutes of Q&A.

Dominic, thank you very much for coming. Appreciate it.

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Thank you, Bob, and good morning, everyone. It is a pleasure to be with you here today and to have an opportunity to speak to you about Johnson & Johnson.

Let me just reference our Safe Harbor statement. Of course, there may be some forward-looking statements in my prepared remarks or the presentation and those are subject to risks and uncertainties. And of course, they are all available -- in terms of disclosure around those risks and uncertainties are available in our publicly-filed documents.

Let me start by providing just a brief overview of our Company. I think many of you are probably familiar with us, but just a couple brief highlights about the Company. Financially, I would consider us a very strong company. Just to give you an idea of the level of sales last year, at about $62 billion. And very importantly, strong cash flows at just over $14 billion, which actually is in excess of our earnings for the year. And we are one of the four AAA-rated companies, industrial companies.

Very importantly also, a good characterization of our Company is a Company with market-leading positions and iconic brands. I know that many of you are familiar with the iconic brands, but you would be interested to know that about 70% of our sales come from either number one or number two market leading positions in the markets that we compete in.

Additionally, we are very highly respected Company. We consistently rate very highly in all of the surveys that are conducted about reputation or surveys such as Barron's Most Respected Companies or Fortune's Global Most Admired Companies. We are very proud of that distinction, where we consistently rate very high in these surveys.

And finally, what I would like to talk about today is the fact that our Company is very well-positioned for growth. We've been through some very difficult times recently with the patent expirations in our pharmaceutical business, obviously, the economic turmoil that we experienced in 2009. But all through those times, we never lost our focus on continuing to invest in growth and making sure we are well-positioned for growth going forward, and that is what I would like to talk to you about today.

Growth is a priority for our Company, but I wanted to just put it in context for you. The overarching principles by which we operate the Company are embodied in our credo. It is a very well-known document that espouses the principles by which we operate our business. It has been in existence in our Company for over 60 years, and it guides all of our decision-making.

And then with that as an umbrella for our decision-making, we do have a certain operating model, where we focus the business on broadly based in human health care, as well as operating for the long term or managing the business for the long term. And we are largely regarded as a decentralized company or a company with a decentralized management structure, and we place a lot of focus on values and our people.

The priority of growth is incredibly important for us. It is a focus of everyone in the Company. And the four bullets underneath that are what we consider the important enablers of growth; namely, innovative products, robust pipelines, global presence and, of course, the talented people we have in our Company. So let me just take a few minutes to just touch on each of those.

If you look at innovative products as an example, we've recently launched a number of very innovative products in the marketplace. These are listed here -- or just a few of them are listed here. I will just say a few words about some of them.

For example, in our medical device sector, there is quite a few products being launched that are important innovations. One example would be the 1-Day ACUVUE TruEye, which is really a revolutionary breakthrough in contact lens technology, the first disposable silicon hydrogel lens, which is incredibly comfortable for the wearer.

CYTOMIMIC technology in our consumer business is an important addition to anti-aging technology. This is using minerals that cause almost imperceptible electronic current in the skin. And you will see this technology in the Aveeno brands, the Neutrogena brands and the Roc brands. And then one additional comment, in our pharmaceutical business, we've launched a number of new and exciting innovative products.

I'll just talk about STELARA as an example. Clinical results there have been exceptional, and in fact, the product is doing very well in the early months of its launch. And it's a product for psoriasis. It has an incredible efficacy in psoriasis. But it is incredibly convenient as well for patients. This is a once-every-three-month dosing regimen, which we think is very innovative in that space.

Turning to robust pipelines, of course, to continue the growth trajectory, you would want to have a continuous flow of robust pipeline. So I'm happy to report that in our pipeline we do have products that are either awaiting FDA approval today, have recently been filed with regulatory agencies around the world or we expect to file in the very, very near term.

Just as an example, NEVO, our new sirolimus-eluting coronary stent, was recently filed at the end of March in the European Union. And Telaprevir for Hepatitis C, we will have some great data on that later this year at a conference, and then we -- certainly hope to file -- we are scheduled to file that product by the end of the year.

Another important enabler of growth is global presence, of course. We are very much a global business. Over 50% of our sales are now outside the US. And in terms of global presence, we focus on a number of things. One area of focus is having market-appropriate products for the markets that we compete in around the world. And we've either done that through acquisitions of local brands, for example, in the consumer business, or developing technologies that are appropriate for the marketplace.

Manufacturing locations, we manufacture around the world. We've been in several manufacturing sites in China, India, Brazil, et cetera, for many, many years. So we have a great presence there.

And importantly for us, global presence means R&D is conducted in these centers, as well. And very important in terms of market dynamics is training centers, especially in the medical device field, where we have multiple training facilities around the world. Here are pictured some in Sao Paulo, Brazil and some in China. We have 25 of these various medical technology training centers around the world.

And then finally, I've listed talented people as an enabler of growth, because it all begins with the people that we have at Johnson & Johnson. And they are absolutely focused on growth, and through innovative products, strong and robust pipelines and a global presence, they are able to achieve a growth with a constant focus and never losing track of the principles that are embodied in our credo.

Before we begin the Q&A session, I would like to just provide a few brief comments on the voluntary recall of certain infant and children's products announced at the end of April by McNeil Consumer Healthcare, as well as the receipt by McNeil of a Form 483 from the FDA following an inspection of the Fort Washington, Pennsylvania site, where the recalled products were manufactured.

As announced earlier, McNeil has temporarily suspended all production at that site. McNeil is conducting a comprehensive quality assessment across its manufacturing operations and has identified corrective actions that will be implemented before new manufacturing is initiated at the plant where the recalled products were made. McNeil has all also retained independent quality experts to assist in this regard.

With regard to the FDA-issued Form 483, McNeil will provide a detailed response to the FDA.

In the meantime, I want to be clear that the quality issues that we and the FDA identified at the McNeil facility are unacceptable to us and that we will act diligently to remediate them. As we commented last week, sales and earnings per share results for the second quarter will be impacted as McNeil has stopped shipments of products from this facility. And of course, we are also incurring the cost of the recall and the remediation efforts. The ultimate timing of resumption of production and shipment is not known at this time, and is dependent on a number of factors.

We believe the primary impact of these actions will be on the infants' and children's liquid over-the-counter products, and the majority of McNeil's US over-the-counter products are not impacted by this action. Of course, we will provide an update during our second-quarter conference call, and at this time, it would be premature to comment any further.

Bob, we can maybe begin the Q&A session.

## QUESTION AND ANSWER

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**Bob Hopkins** - ***BofA Merrill Lynch - Analyst***

Sure. Thank you very much, Dominic. So just appreciate those comments. And I would just like to follow up a little bit, because there has obviously been a lot of public commentary about the recall. And whether it is what we've written or what others have written or in Barron's and several other places, people seem to be congregating around a number of $200 million to $300 million as impact.

And I know you guys don't like to give specific product revenues, but I am just curious if you could comment as to whether or not the public comments are in the right ballpark in terms of the revenue impact.

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Sure, Bob. Well, as you know, we don't disclose products at all levels in the Company, and these products are below the level that we typically disclose, so I'm not going to disclose the level. But as I said, it does impact the liquid children's and infant's formulations of the US over-the-counter products. And if you refer to published sources, the estimate that you provided earlier is not unreasonable.

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**Bob Hopkins** - ***BofA Merrill Lynch - Analyst***

Okay. And then just to finish out the sort of financial part of this, I think there has been some commentary these are slightly higher margin products within consumer. But more importantly, I would assume that a lot of the spending associated with these products would not stop, and therefore, the margin impact would be more than the operating margin for the consumer division as a whole. Is that a fair assessment of what will happen?

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Yes, Bob, I think that is a reasonable assessment. I think it would be not appropriate to simply use the consumer -- overall consumer business operating margins as an estimate of the impact, because, A, these products do have higher margins than the overall business; and, B, as you said, the spending associated with the products don't necessarily stop while the recall is being executed. And of course, there is the cost of the recall and then the cost of the remediation as well.

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**Bob Hopkins** - ***BofA Merrill Lynch - Analyst***

So what has J&J's attitude been in the past in terms of when you -- what constitutes something being called out as a charge versus just disclosed as an ongoing bump in the road? How have you handled that?

**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Well, we've typically only separately disclosed charges that meet a certain threshold of earnings and would be significant enough to call out to investors. And we've done that over time.

At the moment, we are still evaluating the situation and refining our estimates, so it is premature for me to comment on the level that this might entail.

**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

Okay. So then the bigger and obviously far more important question is around what the specific set of circumstances here that caused the situation to materialize. So I was wondering if you could tell us if you've identified root causes of the problem that would allow you to remediate this in a reasonable timeframe.

**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Let me just try to elaborate on that a bit. The first thing that I want to make sure is perfectly clear is that the recall is not being undertaken on the basis of any adverse medical events. And while the potential for serious medical events is remote, consumers were advised to discontinue use of the recalled product, and we agree with the FDA that that is a prudent measure to take.

McNeil is conducting a comprehensive assessment across all of its operations and will resume manufacturing at the plant once corrective actions are put in place. It would be premature to tell you now when that might be. And in fact, the ultimate resumption of production and shipment is really not known at this time, and it is dependent upon a number of factors.

And what I can assure you of is that -- and you should be confident that we will take whatever measures are needed and whatever changes are necessary at McNeil to fully restore the quality of its manufacturing.

**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

In terms of providing a level of confidence that this is a McNeil-specific issue, what could you say to that in terms of giving people comfort that in the larger pharmaceutical business, you are comfortable with the quality systems that you have today and comfortable with your positioning? Obviously, your history speaks for itself, but I am just curious if you could elaborate that.

**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Sure, Bo. Well, one thing to keep in mind is this is a very specific inspection of one manufacturing plant in our consumer business. The comments by the FDA are very specific to that particular facility. And the other thing to point out is that we have many manufacturing facilities around the world that are consistently inspected, both internally and by outside regulatory agencies, throughout the year, and those are individually addressed by the management teams at those businesses. And this particular instance and this particular recall is reflective of the conditions at the McNeil Fort Washington facility.

**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

And I guess the last question for me on this is do you feel like you've identified the specific set of issues and therefore can have comfort that it, again, is a McNeil-specific issue?

**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

As I said earlier, Bob, the timing of this and the ultimate resolution of the issues is as yet unknown because the investigation is still ongoing. So I really can't comment any further on it.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

Okay. So I'll move on to a couple of other topics. From my perspective, the pharma pipeline is going to be one of the key determinants of how much value is created in J&J over the next 24-month period.

And so the call was -- the Q1 call was a very busy call and we were discussing a lot of topics. One thing we didn't really get to a chance to discuss at any kind of great length was some of the progress that you've made in a couple of the key product areas.

And so I was wondering when it comes to SIMPONI and STELARA if you could give us a sense for some specific metrics around how those are going at this point and where they are relative to your internal thoughts.

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Sure. Let's start with STELARA. It's off to a fantastic start, as I mentioned in my remarks. I think it was launched in late September, Louise, is that right? And it has already received at the end -- or achieved at the end of the first quarter of 2010 about a 14% share of the dermatology market. So we think that is pretty impressive.

Feedback from dermatologists and patients has been terrific. We've had really no issues with gaining reimbursement for the product. And the product is, like I said, received very well by both the patient community and the physician community. It is exceeding our own expectations for the launch of the product.

SIMPONI, likewise, is doing very well. I think it is important to characterize SIMPONI in a market that obviously has a number of other anti-TNF agents already launched in the marketplace. We sometimes look at what I would refer to as launch-aligned curves, you know, [basis] the months after the launch of various products in the market. It is doing much better than some of the recently launched products, like Cimzia and Orencia, for example. So we use those as recently-launched benchmarks.

That product has gained market share quarter after quarter, is gaining reimbursement, is on formularies, and again, it is exceeding our own expectations for the launch.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

And any specifics around market share?

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Louise, do you have -- Louise might have the specifics handy.

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**Louise Mehrotra** - *Johnson & Johnson - VP of IR*

SIMPONI has about a 1.5% share of the immunology market, and that is up about a half a point sequentially. And it is a 2.6% share of the rheumatology market at the end of the quarter.

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Okay, thank you.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

One of the -- there is definitely a disconnect out there in terms of the way you guys are talking about the launch of some of these products and the way Wall Street is talking about the launch of some of these products. Because most of the notes will talk about maybe a slow start, and yet you guys keeps saying it is above expectations.

So is that just a function of the new world that we live in today, in terms of how you are thinking about just slower launches in general for these products? Or could you just talk about that disconnect a little bit?

And also as a corollary to that, in terms of your other pipeline products, could you just mention, in your mind for the rest of this year, what are the key catalysts really for the pipeline that you are focused on internally?

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Right. Well, I think it is true that today, looking at pharmaceutical launches in particular requires some patience, quite frankly. Because either the product has to go through a number of steps in either a Medicare or Medicaid situation state by state in the US, or getting on formularies requires time, et cetera.

So the days of the sort of rapid launch uptake of products that we used to see many years ago, I think those days are numbered now, and you don't really see that much in any major pharmaceutical launches. It does take time to build up new products, especially if they are new mechanisms of action, in particular, or if they are in product categories that have, for example, generic competition already present in the marketplace.

So our view is we take all that into consideration when we estimate our launch curves. And when we assess whether the product is doing well or not, it is consistent with our understanding of the current marketplace, as opposed to looking at previous launches of other products, our own or some of the others in the industry. So we launch a line or adjust the launches accordingly.

In terms of all of our products, there is quite a few upcoming catalysts. I would say that, of course, we are going to see data on Telaprevir later this year. We are going to file Telaprevir in Europe. We are also going to -- our plan is to respond to the FDA complete response letter on riva sometime later this year, so we will have that in place as well.

We also have -- we talked about NEVO being filed in Europe, but we will have one-year data on NEVO, in medical device as a coronary stent -- NEVO at EuroPCR, which is later this month in May. And then I don't know if I'm missing anything.

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**Louise Mehrotra** - ***Johnson & Johnson - VP of IR***

TMC278.

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Oh, and TMC278, which is a new NNRTI, is also expected to be filed later this year. And of course, we've partnered that with Gilead for a fixed-dose combination as well, just to name a few.

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**Bob Hopkins** - ***BofA Merrill Lynch - Analyst***

So could I get your updated thoughts on Europe? Obviously, there has been a lot in the news over the last two to three weeks and two to three months. How does the dynamic in Europe affect the way you think about your business opportunities there going forward for the rest of this year? How disruptive, what are the risks?

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**Dominic Caruso** - ***Johnson & Johnson - VP of Finance, CFO***

Right. Well, one of the things you're probably referring to, Bob, is that in certain countries, like Greece and others, they've already announced pricing reduction in particular for healthcare products. Of course, price reductions in healthcare products across Europe and now, of course, in the US are common. So we have to adjust our thinking on what the appropriate level of infrastructure is for the business, and we've already taken steps in that regard, as you know, from our restructuring that we announced last year.

And we work very closely with governments to ensure that our products have the appropriate level of reimbursement for not only the clinical benefit that they provide, but also the cost benefit that they provide. I think that has become much, much more important. It has always been important. It is becoming much, much more important. It is quite frankly paramount.

And we will work -- for example, in the UK, we worked with the government there on VELCADE, as a good example, where, depending on the results of the product in the marketplace, if they are consistent with our clinical results, then we achieve a certain level of pricing. And if they are not consistent with that result, we achieve a different level of pricing.

So our approach is to make sure we have the clinical data that supports the product, the cost benefit data that supports the product and then to work closely with the government on demonstrating that, and, quite frankly, having differentiated prices that correspond with that kind of product differentiation.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

But is there anything that has gone on both in terms of reduction in prices as well as some of the sovereign issues that make you feel a little bit more concerned than you were? Or are you are still very comfortable with the projections in light of and regardless of what is going on right now in Europe?

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Well, if you are talking about projections, one of the things I will just remind everyone is that whenever we give guidance for the year, we are always, first and foremost, talking about our operational guidance, constant currency guidance. And hopefully that is helpful to investors, because we think that the swings in the Euro, for example, are too difficult to predict, and we'll give you an estimate of what they may be in any one particular time. But we look at the operational growth.

I think our broad base of businesses across the globe, including emerging markets and the like, give us comfort that we have enough of a broad base of businesses that obviously we can compete in this ever-changing environment. So at the moment, we are comfortable. We will have to see how things pan out.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

Okay. Then one of the things that I wanted to chat quickly about, and this is a small item for you guys, but I'm curious, given the controversy in the market right now about plasma and IVIG. Because you guys historically had suggested there'd be a BLA filing relative to Omrix for IVIG in the United States.

So could you just put that in context for us and talk about your opinion of that market?

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Well, it is a market that we entered through the acquisition of Omrix; so we didn't have a presence in that market prior to that acquisition. We are still planning to file for the intravenous immunoglobulin product this year, so it is a little bit delayed from 2009. We are still expecting to file this year, and we are most likely going to address that market through a distribution network in the US -- through a distributor, a separate distributor in the US.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

Okay, but specifically just relative to that acquisition, I don't know if you've made any comments historically about that market, generally speaking.

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

It has not been -- it was not a major consideration in the acquisition of Omrix.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

Okay. And then you guys have given guidance this year for 2% to 3% constant currency growth on the top line. Could you talk about the variables as we look into the future that are going to be an impact on the ability of you to continue to accelerate that growth? Specifically, some updated thoughts on CONCERTA as we go forward on the product launches, and just some general thoughts about -- not specific to a year, but beyond this year and your ability to accelerate growth from those levels?

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Just a couple comments. Specific to CONCERTA, our guidance this year does not assume any generic entrant for CONCERTA. Secondly, in terms of looking out to the future, we are not going to give guidance beyond the current year, but just to give you some thoughts of the factors that would enter into our expectations for the future.

Obviously, we have US healthcare reform. We talked about that during our first-quarter conference call, and we said that the impact in 2010 was only really a partial impact because of course not all of the legislation is in effect in 2010. It is in effect from the pharmaceutical perspective more broadly in 2011. And then of course, in 2013, the medical device legislation takes into effect, so that is a consideration.

Launching our products and accelerating their growth is the thing we are most focused on in our business. And that, of course, everyone has a keen understanding of the markets we compete in, what is required to be successful in those markets and making sure that we have the right resources against those markets to ensure successful launches.

And then of course the volatility of the markets in Europe and pricing pressure that may come into play as a result of that, we will have to see how that pans out.

And we are still very incredibly excited and we are doing very well in the emerging markets, in particular China, Brazil and others, where we feel really good about the prospects in those markets.

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**Bob Hopkins** - *BofA Merrill Lynch - Analyst*

So last question for me is on the medical device business. You guys came out with a very strong quarter in medical devices, and you highlighted Ethicon and Ethicon Endo. And then interestingly, a couple weeks later, your core competitor to Ethicon had a quarter that was less than expectations.

And so I was just wondering if you could comment a little bit on what are the dynamics behind Ethicon that you think are driving some of the share gains? Are those sustainable in your view? Just any latest updated thoughts on what you are seeing in the hospitals, and just if you could reiterate what is going on within Ethicon, that would be very helpful.

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**Dominic Caruso** - *Johnson & Johnson - VP of Finance, CFO*

Sure. So Ethicon had a terrific quarter. I think growth was about 15% in the quarter, which is very strong growth for that business. I would say about a third of that growth has to do with acquisitions that were made in prior years. So still, 10% growth for Ethicon is very healthy.

Growth innovations in that business continue. We have a phenomenal market share in sutures, and we did see the resurgence of procedures, surgery procedures in particular, and having such a large percentage of the suture market gives us a good read on what is happening in surgery. So part of the growth, of course, is we had a depressed surgery level of activity in 2009, so we have a bump as a result of the resurgence in surgery.

And continued innovation in that business, in particular, that business, not just suture business. There is hemostasis and women's health products and the like that contribute to that growth. So overall, it is a very strong business for us. It is doing well because it has a large percentage of the suture market.

And I'm happy to say that even with a large market share, we still gained share in the last quarter, to the best of our ability to look at the data.

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**Bob Hopkins** *- BofA Merrill Lynch - Analyst*

Do you have a good sense of the specifics around market share gains for some of the businesses within Ethicon, especially in the Endo-Mechanical area?

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**Dominic Caruso** *- Johnson & Johnson - VP of Finance, CFO*

So you are talking about Ethicon Endo-Surgery in particular. I don't have the specifics with me. I do think, though, in the first quarter, from the data that we saw, we certainly didn't have any erosion of market share. And we either stabilized or had a slight uptick in market share during the first quarter.

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**Bob Hopkins** *- BofA Merrill Lynch - Analyst*

Okay, great. That's all we have. We do have time for one from the audience. The buzzer is going, but if there is someone that has a question from the audience, we would be happy to take it. If not, thanks very much, Dominic.

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**Dominic Caruso** *- Johnson & Johnson - VP of Finance, CFO*

Thank you very much, everyone.